

**MINUTES OF THE
GOVERNOR'S BOARD OF ECONOMIC DEVELOPMENT
August 19, 2005 Meeting**

Members Present: David Simmons, Cliff White, Deb Tanzi, Gerald Sherratt, Richard Nelson, Mark Howell, Amy Rees- Lewis, Mary Draper, and Bill Boyle
By Phone – Mel Lavitt, and Jack Brittain

Members Absent: Jerry Oldroyd, Joel Bradford, Dell Loy Hansen, and Molonai Hola

Visitors: Brice Wallace, Stephanie Frohman, Jeff Edwards, Ken Adams, Scott Schwebke, D. Talbot, Mark Hurst, and Robert Mecham

Staff: Connie Gates, Annette Babisz, Nicole Toomey Davis, Linda Muir, Mark Stromberg, Aaron Syrett, Fred Lange, Miguel Rovira, Tracie Cayford, Ed Meyer, Kelly Day, Leigh von der Esch, Leslie Marks

Welcome

Chairman David Simmons welcomed the GOED Board, staff, and guests, took a roll call and called the meeting to order at 10:15. Chairman Simmons called for a motion to approve July 15, 2005 minutes.

MOTION: Mark Howell motioned to approve the minutes with corrections; Cliff White seconded the motion; motion carried.

Correction to the July 15, 2005 minutes reflects the following: In reviewing the minutes, the final motion of the July Board meeting was not a motion to approve the funding for the Center, rather it was Chairman Hansen's motion of a vote of support for GOED's Director Martin Frey to make the administrative decision. Joel Bradford's motion was not seconded or voted on. Dell Loy Hansen's motion passed unanimously which fully resolved the issue.

There was discussion about the Governor wanting to meet with the GOED Board members on Thursday, August 25, 2005 at the Governor's Mansion, on an informal basis to get to know them.

Chairman Simmons addressed the status of the contract between the GOED and EDCUTAH as discussed in previous meetings. EDCUTAH is the winning bid for the services pending the outcome of the final contract. The Governor's Office has been desirous of having the board give input in this process. A draft of the contract was circulated to board members and Chairman Simmons asked that it be kept confidential. Chairman Simmons also circulated a resolution that addresses the support of the efforts of the Governor's Office of Economic Development to facilitate and complete the outsourcing contract with EDCUTAH. It does not give final approval to the contract that was circulated, but is to be used to submit comments about anything that might be lacking or any additions or changes. The final contract is to be negotiated between GOED and EDCUTAH. Mel Lavitt asked if there was competition for the contract and if not, why not. Chairman Simmons explained that there was only one company that submitted a bid, and that was EDCUTAH and it is the first time a company has been hired for these services. Mr. Lavitt also asked what the specific goals and metrics are? Chairman Simmons said that is one of the issues that the board would like to see addressed. Deliverables lack details on what the specific performance measurements are. Mr. Lavitt would like to see more information about what kind of jobs, how many jobs, etc. Mark Howell mentioned that not all cities in the State are represented by EDCUTAH they have been very careful in the contract to raise that as a potential conflict. The critical factors regarding metrics are to monitor them. The State has a responsibility to all of the cities in the State. Analysis and reporting needs to be in place to verify that everyone is getting the benefit from the work. Amy Rees-Lewis mentioned that they should get a bigger bonus than 5% if they can get a corporate headquarters here. This needs to be better defined.

Chairman Simmons noted for the proposed resolution: The number of personnel that were in the department and the reductions that were made at the first of the year, generally speaking, only five staff positions were focused in recruitment. The benefit gained from the contract from the State of Utah's standpoint is that there are full resources in EDCUTAH in recruitment efforts that the State is going to have. The total staff size will be around seventeen to eighteen people at a cost to the State that actually is less than what was being spent at before. Some confusion is eliminated on the part of companies that are looking to locate to the State of Utah because there is a sole point of contact. The intent is that the recruitment committee will be meeting monthly; the State will continue to have a full-time director of recruitment--if there are complications, as they arise, we will have a forum on a monthly basis to be able to review them. In the contract, there is a fair amount of preset communication in terms of bi-weekly meetings.

Amy Rees-Lewis asked the following question: Is this going to be the only effort we are going to be making for recruitment? Are we putting enough into this? Mark Howell responded by saying that the Governor has played a very active role in the recruiting process.

Jeff Edwards commented that there was a desire by the State to have matching funds brought to the table. The total budget so far is just under 2 million. Molonai Hola commented: He is completely in favor of EDCUTAH. He wonders if we could put a couple of our people on the fairness committee to make sure that the wealth is strewn out fairly. According to Jeff Edwards, that is EDCUTAH's intent. Richard Nelson asked if they have a role in the Business Recruitment Committee, not in a policy way, but in a supportive way to see that we, the professionals, are executing on this. Mark Howell continued by saying: We have to have the process set up so that we can review and enact so that it is not just nebulous, but that we can understand what is expected and monitor.

Mary Draper asked about the contract name: It refers to a new effort that is called site certification. Jeff Edwards described it as this: The idea is to create a program that will have sites that are ready. That should also encompass sites that are not particularly owned by anyone, but at least all the work is done so that when we have a recruiting opportunity we can go immediately to a city and say 'those are certified sights and we can go ahead with that.' So, this is an effort to define what that means, and to look at best practices in other states. There will also be a website associated with that so that anyone can search for certified sites that are available in the State. Some of the funding will be allocated for someone to launch and manage that program, create the website, and to create all the links to the cities and with the real estate community. Mary Draper asked if everyone in the State of Utah could be involved and submit their site for certification. Chairman Simmons said that is correct. Cliff White added he wants to make sure that good measuring tools are applied. Jeff Edwards explained that EDCU has discussed many things with the GOED staff about what the right metrics are; on the last page in the contract there are 3 listed. Amy Rees-Lewis pointed to one of them that would be related to the number of corporate headquarters that would be recruited. Jeff Edwards said they do not want to be in the situation where they are being measured on things that are out of their control. They are open to any suggestions of how to measure our performance. Jeff Edwards added they do an activity report each month as well as the number of jobs announced, i.e. the number of jobs created, the payroll attached to those and the capital investment that represents. Bill Boyle commented that he sees that EDCUTAH has already produced promotional materials; he would like to receive them. He has not seen any of them and wondered if the lines are clearly defined with media outlets and stories, etc.

Chairman Simmons moved the discussion on to the address the resolution. The critical language being resolved is: that the Utah Board of Business Development supports the efforts of the Governor's office of Economic Development to facilitate and complete an outsourcing contract of The Economic Development Corporation of Utah and be it further resolved that the Board will provide significant council and advice to the Governor's Office of Economic Development in furthering the success of this partnership.

MOTION: Chairman Simmons asked if there was a motion to that extent. Mel Lavitt moved to approve; Jack Brittain seconded; Motion carried. Richard Nelson, Mary Draper and Gerald Sherratt abstained from the vote, but were supportive.

Business Growth Committee Report

Richard Nelson reported the 4 members of the Business Growth Committee met that morning. They took the challenge of the Committees' responsibilities that were given to them. They are to assist with cluster development- Gerald Sherratt and Richard Nelson to be involved in that area; launch a new defense for term and initiative- Deb Tanzi and Molonai Hola will be involved; advise and assist in the development of new technology parks plus development of existing businesses- Deb Tanzi, Gerald Sherratt and Richard Nelson will be involved with that one; advise and assist in the State's international business development initiatives-Cliff White has involvement on that; assist with the State's rural economic development issues-Gerald Sherratt has agreed to chair that subcommittee with Cliff White participating.

They would also like to look at their involvement with the business link database, also resource centers and find additional involvement where they can be a resource. Next month they would be eager to meet with Professionals, in these seven areas as part of their 2-hour block.

It was decided that the USTAR Initiative better fits in the business creation area, so that will be part of the Business Creation Committee. Richard handed out copies of the Oversight of the USTAR Economic Initiative. From that point, by telephone, Jack reported on what is going on with the planning group. A handout was distributed to the

board highlighting their colleague, Amy Rees-Lewis, who will be a keynote speaker at the UITA Industry Breakfast on September 1st. Mark Hurd, who is CEO of H/P will be a keynote speaker at the December 2, 2005 Annual Hall of Fame.

Business Recruitment Committee

Mark Howell reminded everyone that all information discussed is confidential. The first project reported was Project Paperweight-- a HB11 tax rebate of up to 1.5 million dollars in Southern Utah. The total cost of this project is in excess of 120 million dollars. The proposal: a tax rebate up to 20% of their taxes not to exceed 1.5 million dollars over a 10-year period of time.

MOTION: Gerald Sherratt moved to approve the motion; Bill Boyle seconded the motion; motion carried.

Mark Howell presented Project Elvis – a large food distributor located in Northern Utah and looking to expand their facility and add another 200-245 employees. We are competing with Idaho and Nevada. It is recommended that we give them up to 1 million dollars tax rebates—it is expected to be about \$870,000 and be tied to 125% of the county median average salary. The rebate will be at 15% over the next ten-year period of time. They must commit to stay in the state for a minimum of ten years. Richard Nelson asked what kind of model is being used. Mark Howell explained that it is the State model. Chairman Simmons asked if there was a motion to approve the project as presented by Mark Howell.

MOTION: Cliff White moved to approve the incentive for Project Elvis as presented; Richard Nelson seconded the motion; motion carried.

Mr. Howell explained that we made an IAF incentive to KraftMaid in November of 2004 for 2.2 million dollars. They are still in the process of working on coming to Utah and the deal is still in a very competitive situation with New Mexico. KraftMaid would like to shift from the IAF Grant to a HB11 Grant. Before, they were asking for 2.2 million dollars. The new incentive could be up to 3.2 million dollars with a rebate for 20% of their tax over the next ten years. Salaries have to be 125% of the county median wage and they have to stay in the state for the next ten years. Chairman Simmons added that it appears that there are other suppliers of KraftMaid that will most likely be co-locating in the same area that, as is noted in the summary, upwards of another 200 jobs.

MOTION: Cliff White motioned to approve KraftMaid as presented by Mark Howell; Deb Tanzi seconded the motion; motion carried.

Chairman Simmons went on to say that the next item of business were several film incentives. Films are prioritized by the widest distribution and bringing in the most money to the State of Utah. The first film presented was from “The Boy Scout” from GO FILMS produced by Adam Abel and Brian Little. There will be \$900,000 left in the State and the rebate is for \$90,000, which is 10% of the total left in the State.

MOTION: Gerald Sherratt motioned that the film “The Boy Scouts” be approved as presented; Amy Rees-Lewis seconded the motion; motion carried.

The next film is entitled “I’ll Always Know What You Did.” The rebate for this film is \$149,029. They are going to have 20 crew positions employed for 14 weeks. It is an action suspense thriller, with some violence and some horror. The motion is that we approve the film and that they get 10% of the money left in the State with a cap of \$149,029.

MOTION: Gerald Sherratt motioned that the film “I’ll Always Know What You Did” be approved. Deb Tanzi seconded the motion. Motion carried.

The next one is “Black Beauty, Last of the Mustangs.” They expect to keep \$450,000 within the State. We are issuing a 12% rebate of \$54,000. They will have 23-30 crew positions 4-6 weeks. This is being shot down in Sanpete County. They will be shooting three other films in Utah if we continue giving incentives.

MOTION: Gerald Sherratt motioned that the film “Black Beauty, Last of the Mustangs” be approved. Amy Rees Lewis seconded the motion; motion carried.

The final film is by Freshwater Entertainment. Stan Lee's "Light Speed." Stan Lee is the person that did the series with Spider Man, Incredible Hulk and Captain America. He wants to bring a trilogy series to be shot in Utah. They will leave \$700,000.00 with the State for this show. They will receive a 10% rebate of \$70,000.

MOTION: Deb Tanzi motioned to approve the film Stan Lee's "Light Speed." Mark Howell seconded the motion. Motion carried.

A brochure was distributed by Leigh von der Esch inviting the staff to the Broadway Theater on the 20th of September for a Utah screening of The World's Fastest Indian. This will really showcase the State of Utah on screen. Ms. Von der Esch introduced Mark Hurst from Team W who has been hired to promote and advertise Utah. Team W is the most creative team in the nation. Members of the team are Gordon Bowen, from SLC who moved on to Madison Ave. in NY and also wrote the message "Light the Fire Within" for the Olympics; M. Booth P.R., who has a travel practice in N.Y. City and has relevant Utah experience; Hurrah Media -- the largest independent media firm in the world; and Mark Hurst who is the Director of Brand Planning and from Utah. A Power Point presentation was shown to highlight some of Team W's work. Members were invited to send Brand suggestions to Mr. Hurst.

GOED Program Update

Nicole Toomey-Davis distributed a handout that highlighted all of the senior staff and what they do for GOED. Chairman Simmons commented on how that introduction helped the board to get to know the staff better. Bill Boyle said how impressed he was with the quality of people who have come on board within the last 8 months.

Other Business

Please R.S.V.P. to Courtney Sutter regarding the Governor's Reception. Note the time change to 7:00 p.m. for that. Please forward comments to David Simmons for the EDCU Contract. The next meeting will be September 16, 2005

With no further business, Chairman Simmons adjourned the meeting.